

# **ECONOMIC OUTLOOK: THE "MANDATED RECESSION," UNCHARTED TERRITORY, AND PERMANENT CHANGES TO THE ECONOMY**

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# THE ECONOMY WAS VERY GOOD PRIOR TO THE VIRUS

1. RECORD LENGTH OF ECONOMIC GROWTH
2. GROWTH RATE (REAL GDP) OF 2%
3. RISING REAL WAGES
4. 50-YEAR LOW UNEMPLOYMENT
5. LOW INFLATION
6. GAINS AT THE LOWER PART OF THE ECONOMIC LADDER

TODAY'S RECESSION  
CAUSED BY COVID-19

CONTAGIOUS  
DEADLY  
OUR WORST NIGHTMARE  
BUT COULD HAVE BEEN  
A FALSE ALARM

**TO CONTROL THE SPREAD,  
HEALTH EXPERTS SAID  
PERSONAL CONTACT MUST  
BE LIMITED**

RESULTS:

- \* SHUTDOWN ORDERS
- \* STAY-AT-HOME ORDERS
- \* DEBATE OVER WHETHER  
PEOPLE WOULD HAVE  
DONE SO ANYWAY
- \* THE “MANDATED” RECESSION



# HOW BAD OF A RECESSION?

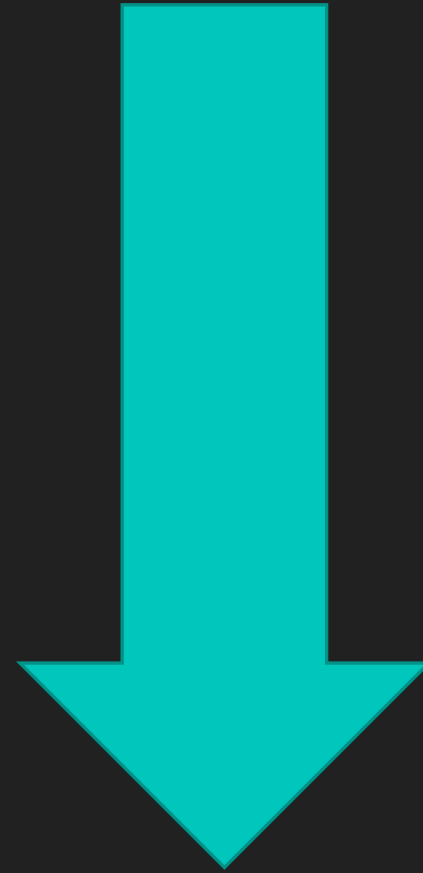
DEEP BUT SHORT

NEGATIVE GROWTH IN BOTH  
FIRST AND SECOND QUARTERS

SECOND QUARTER:

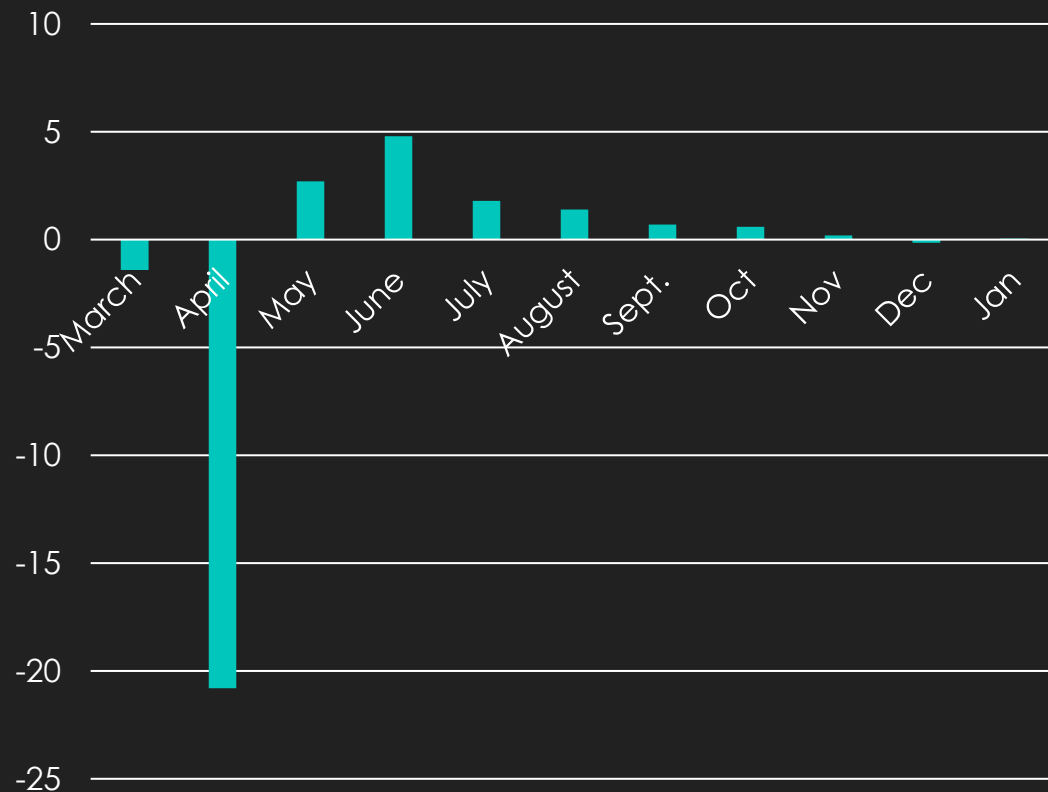
"ANNUALIZED": DOWN 32%

BUT "ACTUAL": DOWN 9%

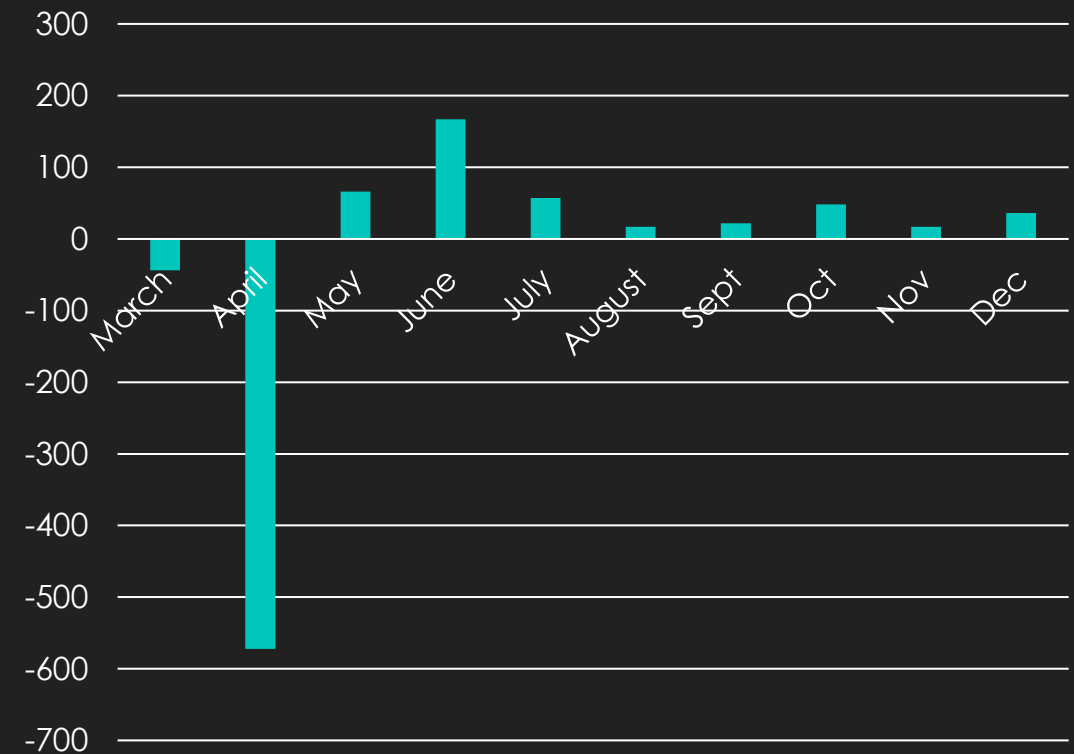


# MONTHLY CHANGE IN NON-FARM EMPLOYMENT, US & NC

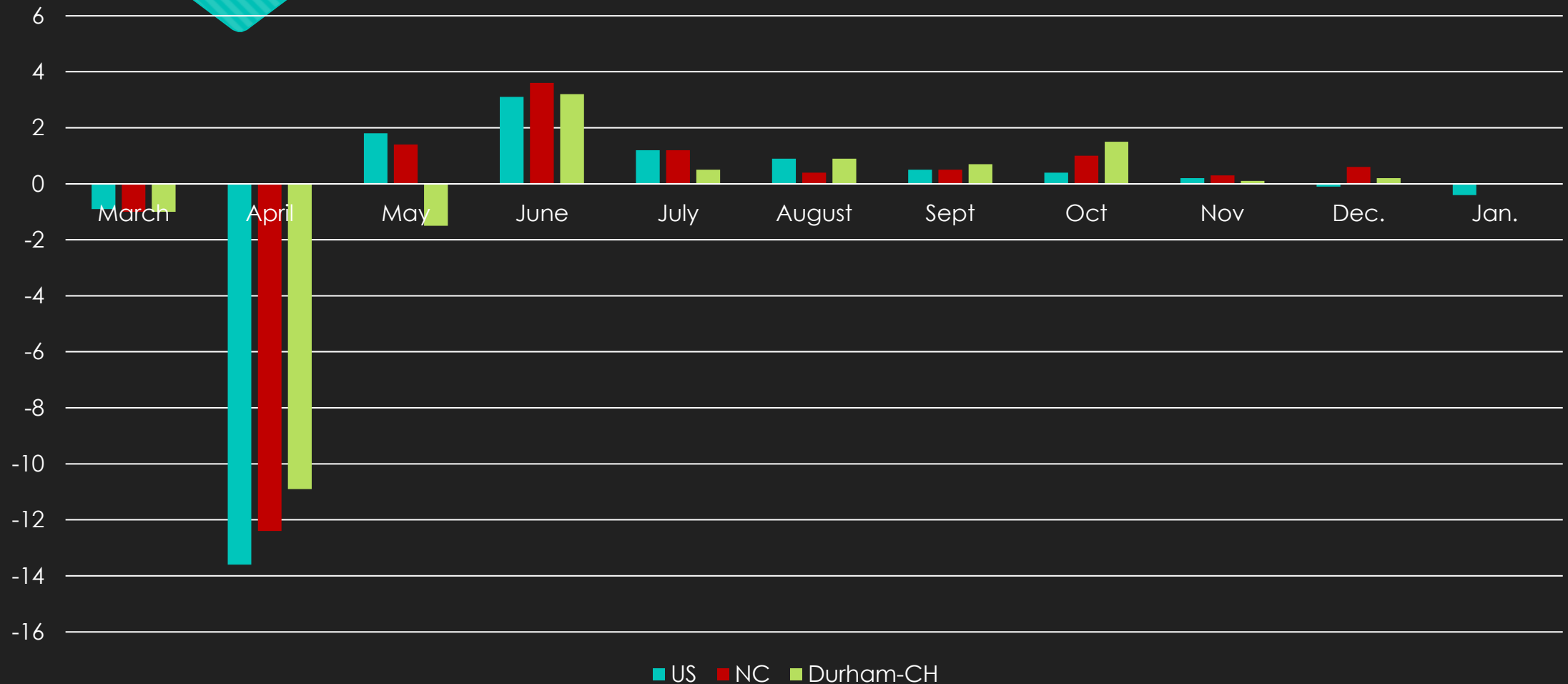
US, Change in millions



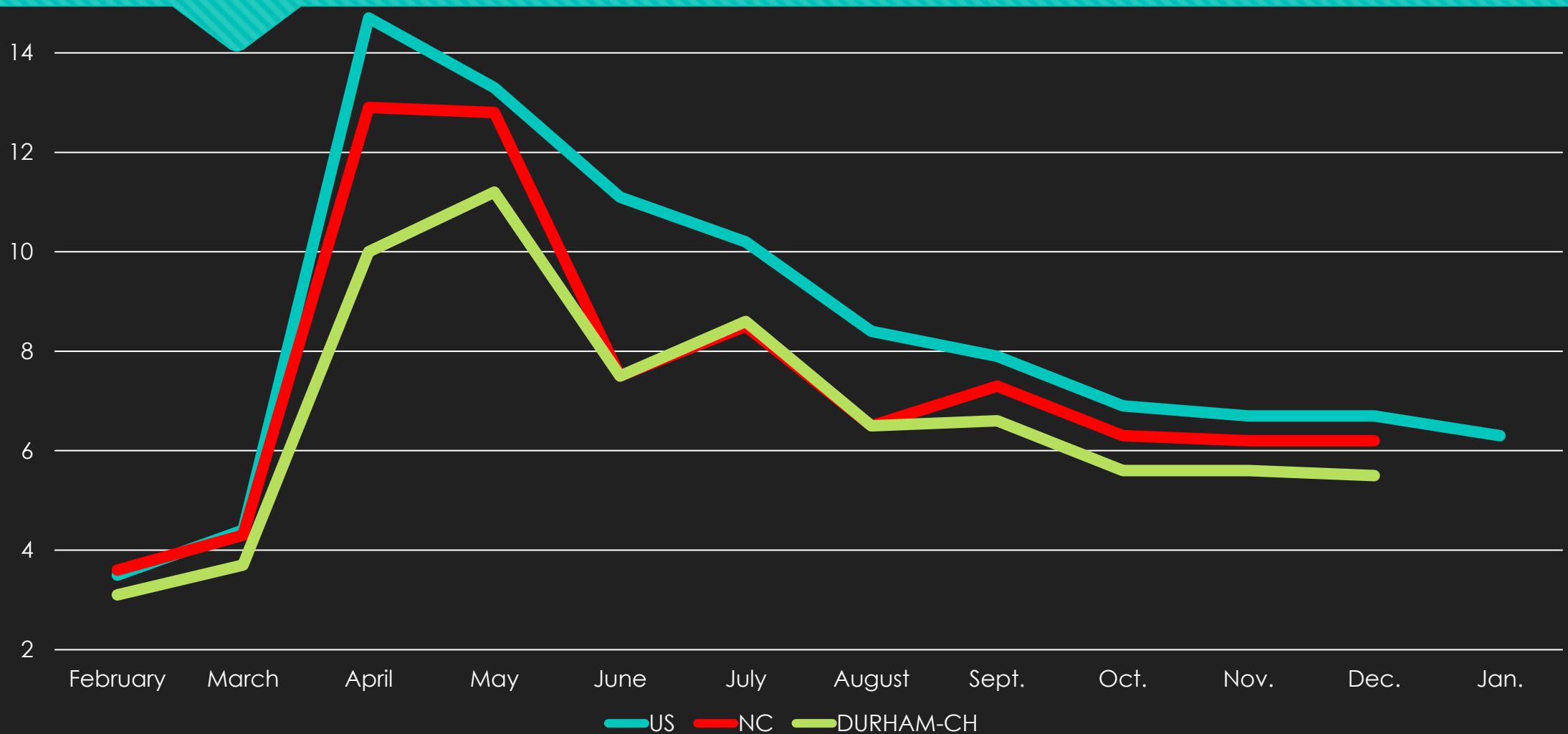
NC, Change in thousands



# MONTHLY CHANGE IN NON-FARM EMPLOYMENT, AS A PERCENT OF FEBRUARY TOTAL EMPLOYMENT, US, NC, DURHAM-CH



# UNEMPLOYMENT RATES, US, NC, DURHAM-CH





# BUT IMPACTS HAVE VARIED BY ECONOMIC SECTOR

## BIGGEST JOB LOSERS:

HOSPITALITY AND LEISURE  
PERSONAL SERVICES

## SMALLEST JOB LOSERS

FINANCIAL SERVICES  
PROFESSIONS  
TECHNOLOGY

**THE FEDERAL RESPONSE:  
OVER \$4 TRILLION IN  
SPENDING**

ALL BORROWED

\$39 BILLION TO NC

FUTURE ECONOMIC  
GROWTH WILL BE LOWER

BUT ALTERNATIVE: LOSE  
BIG PART OF ECONOMY

TODAY ← FUTURE

**THE FEDERAL  
RESPONSE: FREE  
MONEY AT 0% RATE**

COMPLEMENTS OF THE FEDERAL RESERVE

WORRIES ABOUT:

- SPECULATION
- INFLATION

**STATE AND LOCAL  
GOVERNMENTS ARE  
LOSING REVENUES**

NC IN BETTER SHAPE THAN MOST STATES

\$4 BILLION IN UNSPENT FUNDS

OF THE \$39 BILLION OF FEDERAL MONEY  
PROVIDED TO NC, ONLY \$1 BILLION WAS  
DISCRETIONARY

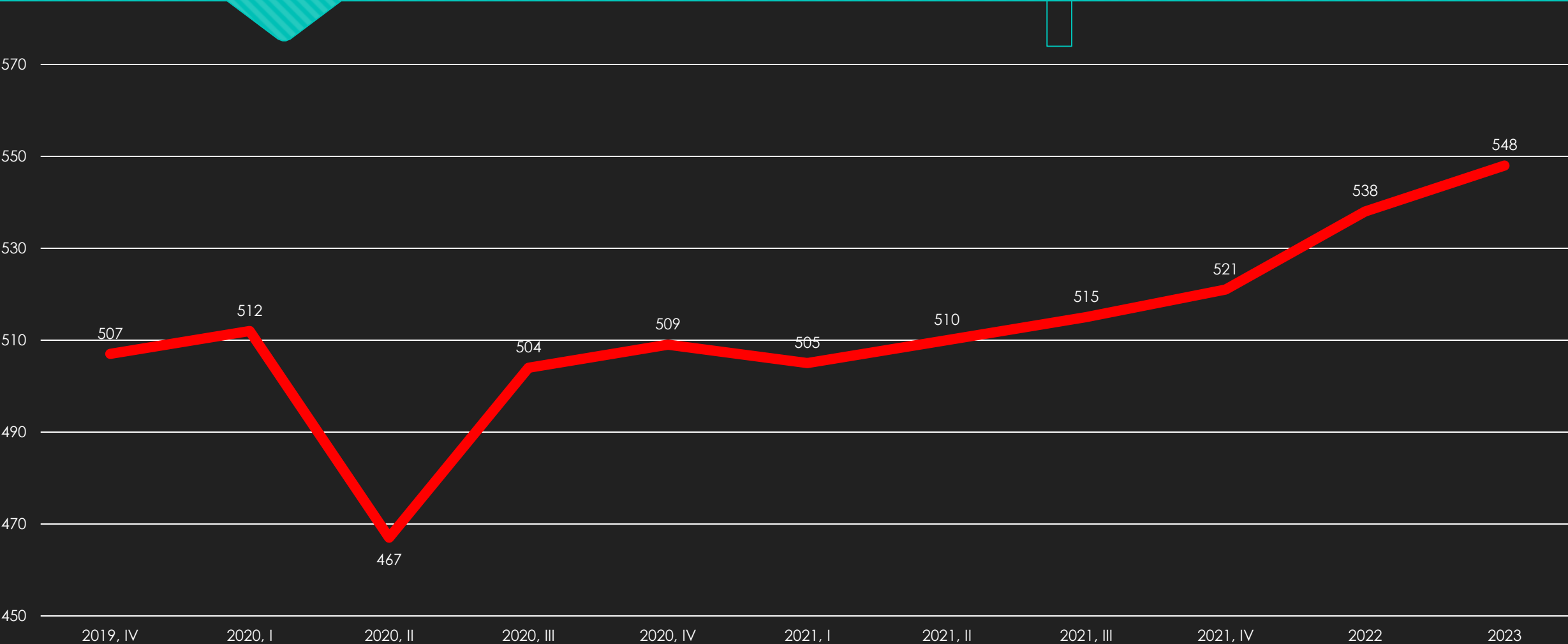
# LEADING NC INDEX SUGGESTS RECOVERY

NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS

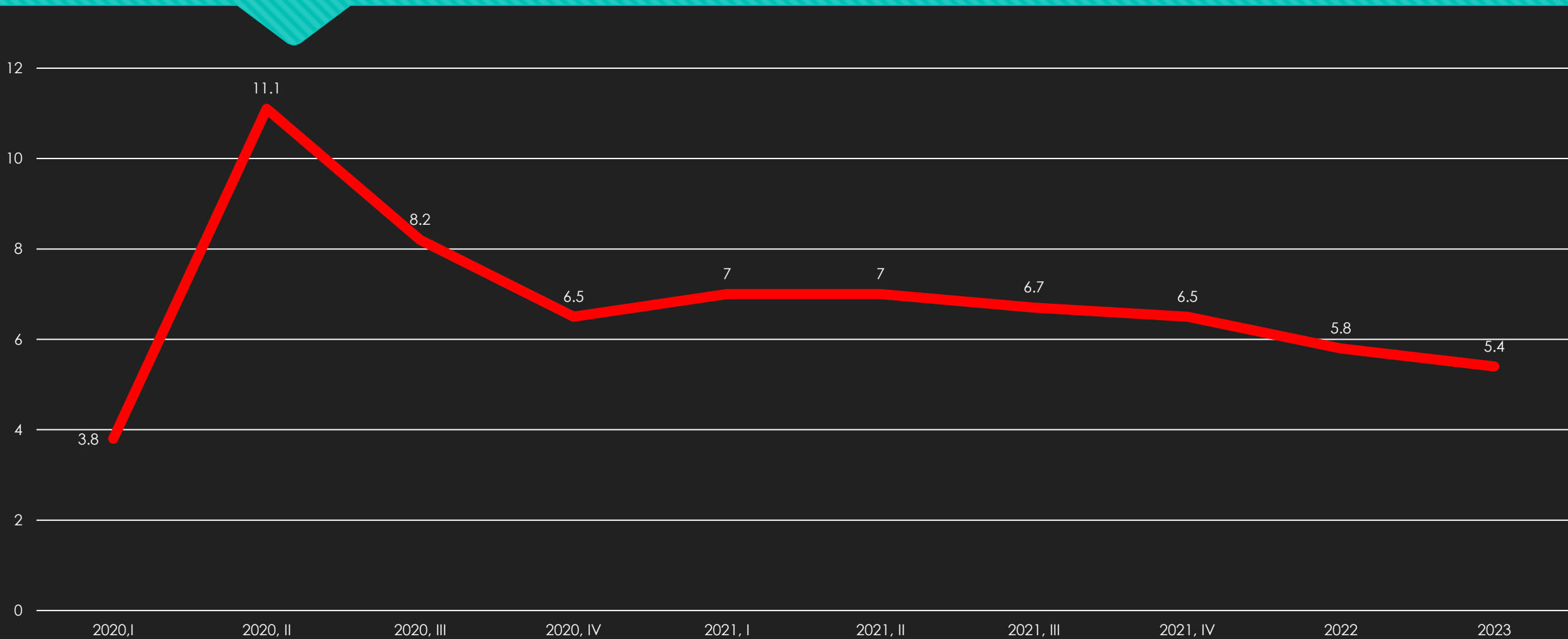


Source: calculations by Dr. Michael Walden

# FORECASTED PATH OF NORTH CAROLINA'S REAL GDP



# FORECASTED PATH OF NORTH CAROLINA'S UNEMPLOYMENT RATE



## GLOBALIZATION RE-CONSIDERED

TO CONTAIN SPREAD OF  
VIRUSES

TO REDUCE RELIANCE ON  
FOREIGN SUPPLIERS OF KEY  
PRODUCTS – ESPECIALLY  
MEDICAL

TO PREVENT INTERRUPTIONS  
OF SUPPLY-CHAINS

# WORLD TRADE TO BE CURTRAILED ?



## MORE LABOR MARKET DISRUPTION

TECHNOLOGICAL UNEMPLOYMENT

PANDEMIC HAS SPEEDED IT

NO WORRIES ABOUT SOCIAL  
DISTANCING WITH MACHINES

ROBOTS IN FOOD PROCESSING PLANTS

## HUMANS VERSUS MACHINES



## BIG IMPLICATIONS FOR EDUCATION

MORE DIRECT JOB TRAINING  
IN HIGH SCHOOL

MORE SHORT, TASK ORIENTED  
TRAINING IN COLLEGES

FAST, FOCUSED, AFFORDABLE

EDUCATION  
RE-MADE

## TELE-WORKING

8% PRE-VIRUS

40% NOW

NOT FOR EVERYONE, BUT SHARE  
WILL RISE TO 50%

## WORK – HOME BALANCE

DRONE DELIVERY OF  
PRODUCTS; INTERNET  
DELIVERY OF SERVICES

AVOIDS FACE TO FACE CONTACT

NEXT: 4D HOME MANUFACTURING

# IMPLICATIONS FOR CONTROL OF THE SKIES

## RECONSIDERATION OF RESIDENTIAL LOCATION

“DISTANCE IS DEAD”

PROXIMITY TO WORK,  
SCHOOLS, SHOPPING NO  
LONGER NEEDED

“NEW FARM LIFESTYLE” ON  
CHEAPER LAND

# WHERE IS HOME ?

# IMPLICATIONS FOR THE TRIANGLE

CONTINUED GROWTH –PERHAPS ACCELERATED – AFTER THE PANDEMIC

NORTH CAROLINA CONSIDERED A “SAFE STATE”

AMONG 380 METRO AREAS, DURHAM-CH WAS **35TH HIGHEST** IN GROWTH SINCE 2000

LOOK FOR SUBURBS TO HAVE FASTEST GROWTH

NEXT GAME-CHANGER – UNIVERSALLY AVAILABLE HIGH SPEED INTERNET

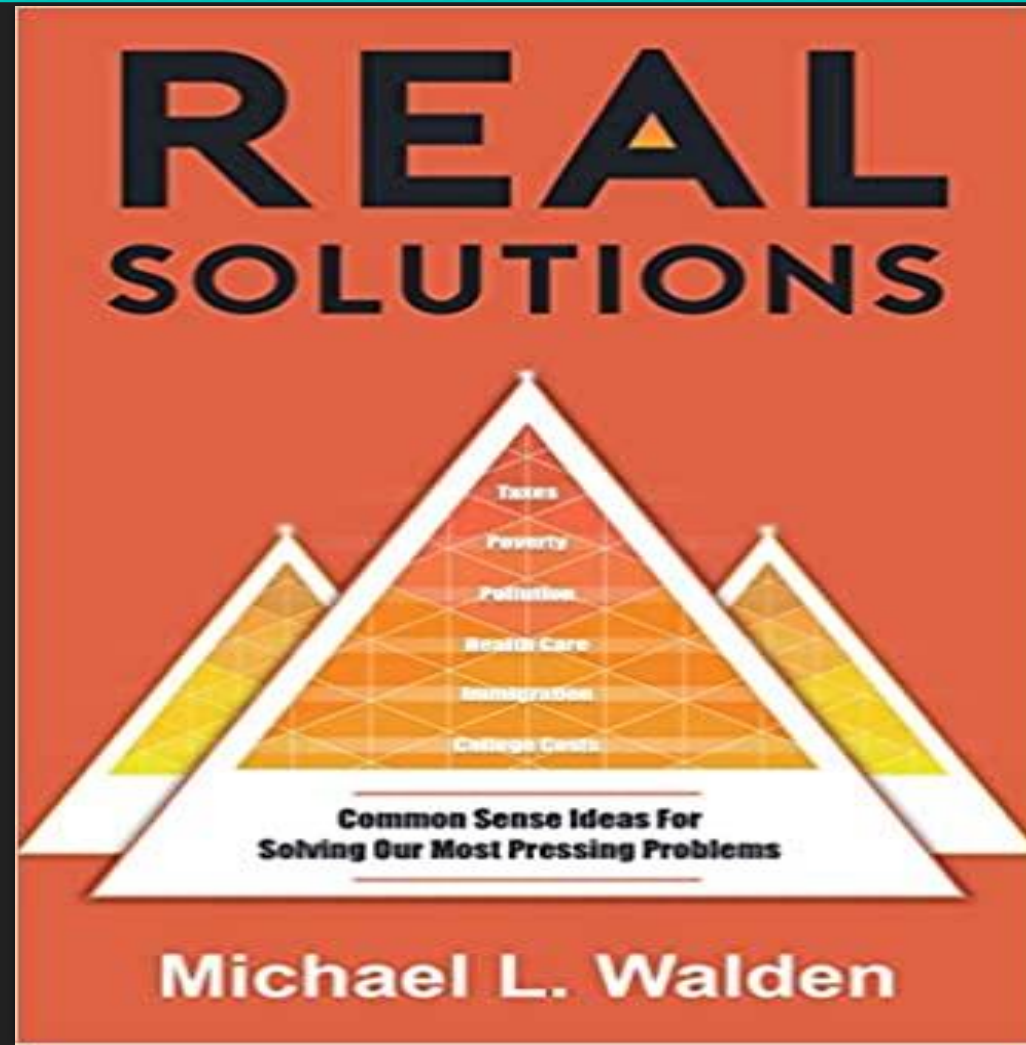
# CONCLUSION

THE CORONAVIRUS PANDEMIC HAS CREATED PERMANENT PERSONAL AND ECONOMIC LOSSES ON THE WORLD

ALL THE MORE DIFFICULT BECAUSE IT HAS BEEN OVER 100 YEARS SINCE A SIMILAR OUTBREAK OCCURRED

LESSON: VIRUS PANDEMICS CAN STILL OCCUR - \$ SPENT IN PREDICTION AND PREVENTION HAVE A VERY HIGH RATE OF RETURN

“REAL SOLUTIONS” IS NOW AVAILABLE





AND SO IS “DISUNIONIA”

